

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SS-15 SP-02 L-03 EB-07 OES-06 PRS-01

INR-07 NEAE-00 SSO-00 INRE-00 /052 W

----- 004198

O 191329Z APR 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 5355

INFO AMCONSUL BOMBAY IMMEDIATE

S E C R E T SECTION 1 OF 2 NEW DELHI 5658

STADIS////////////////////////////////////

EO 11652: GDS

TAGS: TECH, IN, US

SUBJ: TARAPUR EXPORT LICENSES

SUMMARY: WE ARE CONCERNED THAT DELAYS IN RESPONDING TO THE MARCH 25 NRC DECISION ASSERTING THAT ADDITIONAL FUEL IS NOT NEEDED FOR THE TARAPUR REACTORS UNTIL DECEMBER MAY GIVE RISE TO DIFFIULT PROBLEMS WITH THE GOI AND MAY CAUSE THE GOI TO CHANGE TO A LESS CO-OPERATIVE STANCE. IMPROVED COMMUNICATIONS BETWEEN THE DEPARTMENT AND INDIAN POSTS AS WELL AS BETWEEN THE USG AND THE GOI MIGHT EASE THESE PROBLEMS. END SUMMARY.

1. THE EMBASSY HAS BEEN DISCUSSING WITH CONSUL GENERAL COURTNEY THE PROBLEMS WHICH MIGHT ARISE FROM FURTHER DELAYS IN CLARIFYING THE TIME BY WICH FUEL IS NEEDED FOR THE TARAPUR REACTORS. COURTNEY, WHO HAS PREPARED MUCH OF THIS MESSAGE, SEES MANY SIGNS IN BOMBAY THAT THE IAEC IS BECOMING INCREASINGLY APPREHENSIVE ON THIS ISSUE AND CONSEQUENTLY MORE DETERMINED TO INSURE THAT THE RECORD FULLY REFLECTS THE VARIOUS STEPS THEY ARE TAKING TO PROTECT INDIA'S INTERESTS. SETHNA IS NOW CONVINCED THAT HE CAN NO LONGER KEEP A TIGHT LEASH ON PRESS TREATMENT OF THIS ISSUE AND MEA IS NO LONGER PREVAILING UPON THE

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CENSOR TO KEEP NEWS OUT OF THE PRESS. IT IS ALSO CLEAR

FROM ENERGY MINISTER PANT'S STATEMENTS IN THE PAST FEW DAYS IN DELHI AND NAGPUR THAT GOI MINISTERS NOW FEEL THAT THEY MUST ALSO SPEAK OUT ON THE PROBLEM. THE NET RESULT OF THESE PRESSURES IS TO MAKE IT INCREASINGLY DIFFICULT FOR SETHNA AND OTHERS TO PLAY THIS ISSUE QUIETLY IN INDIA.

2. SPECIFICALLY, THERE ARE SEVERAL URGENT PROBLEMS:

(A) PARTIAL REBUTTAL OF NRC RULING. TWO WEEKS AGO SETHNA PROVIDED TECHNICAL DATA WHICH HE BELIEVED WOULD BE USED IN A SUPPLEMENTARY HOYLE AFFIDAVIT TO GET ON RECORD HIS ANALYSIS SHOWING THAT AUGUST IS ULTIMATE DATE FOR RECEIPT OF NEW FUEL TO AVOID NEAR-CERTAIN REDUCTION IN TARAPUR POWER. HE DECIDED TO USE DEVICE OF HOYLE AFFIDAVIT TO PUT THIS ON RECORD ONLY AFTER CONSIDERABLE DEBATE WITHIN GOI AS TO BEST CHANNEL. NOW TWO WEEKS LATER, STATE 91415 INDICATES DEPARTMENT STILL UNCERTAIN AS TO WHETHER OR NOT TO SUBMIT A NRESH AFFADAVIT.

(B) COMMUNICATIONS WITH GOI. IAEC IS REALLY AT A LOSS TO UNDERSTAND DELAY IN SUBMITTING AFFADAVIT AND ALSO TO UNDERSTAND NATURE OF CONSIDERATIONS NRC IS NOW WEIGHING. SETHNA OF COURSE IS AWARE THAT HIS EARLIER SUBMISSIONS DID NOT MAKE CLEAR THE FULL LIMITATIONS AND COMPLEXITIES OF HIS FUEL FABRICATION PLANT. HE ALSO KNOW THAT SOME OF THE SUBMISSIONS, APPARENTLY LARGELY THROUGH INDIAN EMBASSY, WERE CONFUSING AND POSSIBLY MISLEADING. HE CAN ONLY PLEAD THAT THERE WAS NO INTENTIONAL WITHHOLDING OF CRUCIAL DATA OR INTENTIONAL MIS-STATEMENT OF NEED. ONE JUST RECOGNIZE THAT IAEC BELIEVED THAT IT WAS RODERING FEEDSTOCK FLOW IN MOST ECONOMICAL AND EFFICIENT FASHION. THEY BELIEVED THEY HAD VALID CONTRACT ASSURING THEM OF FUEL SUPPLY FOR ESTIMATED LIFE OF REACTORS AND HAD NOT INCENTIVE TO OVERSTOCK; IN FACT INDIAN CUSTOMS DUTY OF 75 PERCENT ON URANIUM FUEL IS A POWERFUL FINANCIAL INCENTIVE FOR IAEC TO AVOID ANY OVERSTOCKING. CONSEQUENTLY, SETHNA AND OTHER HERE WOULD NOT BE ABLE TO UNDERSTAND DEPARTMENT'S RELUCTANCE TO SET RECORD STRAIGHT OVER WHAT THEY CONSIDER TO BE MINOR AND ENTIRELY UNINTENTIONAL INACCURACIES IN STATEMENTS OF URGENCY OF NEED FOR ADDITIONAL FUEL. SETHNA WAS CONVINCED AFTER

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HIS PERSONAL INSPECTION OF HYDERABAD FACILITIES AT END OF MARCH THAT HIS APRIL 5TH SUBMISSIONS SHOULD HAVE PUT TO REST ANY SUBSTANTIAL DOUBTS ABOUT ULTIMATE DATE FOR RECEIPT OF FUEL. DISCUSSIONS BETWEEN THE DEPARTMENT AND THE INDIAN EMBASSY IN WASHINGTON PROBABLY DO NOT FULFILL THE NEED FOR COMMUNICATIONS WITH SETHNA. OUR EXPERIENCE HAS BEEN THAT FIRST, THE INDIAN EMBASSY DOES NOT COMMUNICATE PROMPTLY WITH NEW DELHI AND

SECOND, MEA IN NEW DELHI SOMETIMES DOES NOT PASS
ON DETAILED INFORMATION TO SETHNA. IN ANY EVENT, SETHNA
HAS ELECTED TO DEAL DIRECTLY WITH US AND WE SHOULD BE
PROMPTLY GETTING BACK TO HIM.

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ACTION NEA-10

INFO OCT-01 ISO-00 SS-15 SP-02 L-03 EB-07 OES-06 PRS-01

INR-07 NEAE-00 SSO-00 INRE-00 /052 W

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O 191329Z APR 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 5356

INFO AMCONSUL BOMBAY IMMEDIATE

S E C R E T SECTION 2 OF 2 NEW DELHI 5658

STADIS////////////////////////////////////

(C) COMMUNICATIONS WITH BOMBAY AND NEW DELHI. WE COULD
USE MORE FREQUENT WORD FROM WASHINGTON ON THE STATE OF
PLAY REGARDING THE LICENSE APPLICATIONS. SETHNA HAS
BEEN ARGUING WITH HIS OWN MINISTRY OF EXTERNAL AFFAIRS
THAT HE NEEDS A DIRECT CHANNEL TO WASHINGTON IN ORDER TO
AVOID THE DELAYS WHICH ENCUMBER HIS WORKING THROUGH MEA AND
THE INDIAN EMBASSY IN WASHINGTON AND WE WOULD LIKE TO
RECIPROCAT. WE WOULD ALSO LIKE TO HAVE FULL SETS OF
THEY KEY DOCUMENTS IN THIS AFFAIR INCLUDING COPIES OF
NRC STAFF MEMORANDA SUCH AS THOSE MENTIONED IN THE APRIL
15TH WEINTRAUB ARTICLE IN THE WASHINGTON POST.

(D) HANDLING OF ANCILLARY ISSUES. WHILE LICENSE IS HELD
UP, IT IS MORE IMPORTANT THAN EVER THAT WE DO OUR BEST TO
HANDLE OTHER MATTERS WITH IAEC EXPEDITIOUSLY. A MAJOR
POINT HERE OF COURSE IS THA MATTER OF IAEA SAFEGUARD
INSPECTORS ON WHICH AMBASSADOR STONE'S SUGGESTION
WAS HELPFUL. ANY WORD THAT WE COULD GIVE SETHNA ON
THIS MATTER WOULD BE MOST USEFUL. A SMALLER POINT IS THE
BIO DATA ON NEW NRC CHAIRMAN WHICH SETHNA REQUESTED.
(BOMBAY 740)

3. RECOMMENDATIONS:

(A) THE DEPARTMENT SHOULD MOVE QUICKLY TO DECIDE WHETHER OR NOT IT INTENDS TO SEND ANOTHER AFFIDAVIT ON SETTING THE RECORD STRAIGHT ON THE URGENCY QUESTION IN ORDER TO
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PUT ON THE RECORD SETHNA'S MOST RECENT ANALYSIS THAT AUGUST IS OUTSIDE DATE FOR ARRIVAL NEW FUEL IN INDIA. IF THIS DETERMINATION IS NEGATIVE, REASONS SHOULD BE GIVEN TO GOI PROMPTLY SO THAT THEY CAN MAKE THEIR OWN DECISION ABOUT GETTING THEIR VIEWS ON THE RECORD. WE WILL BE IN A VULNERABLE POSITION IF NRC WERE TO ISSUE A RULING IN NEXT FEW DAYS ORDERING HEARINGS ON BASIS THAT THERE IS AMPLE TIME FOR SUCH AN EXERCISE SINCE NO ONE CHALLENGED CONTENTION THAT FUEL NOT NEEDED UNTIL DECEMBER.

(B) IF FRESH AFFIDAVIT IS TO BE SUBMITTED, THEN ALL TECHNICAL SECTIONS SHOULD BE GIVEN TO SETHNA FOR HIS REVIEW AND COMMENTS BEFORE SUBMISSION TO NRC. IN PAST WE HAVE TENDED EITHER TO ASK HIM TO REVIEW TOO MUCH, E.G., QUESTIONS OF JUDGMENT THAT HAVE TO BE MADE BY USG ALONE, OR TOO LITTLE.

(C) WE SHOULD ALSO CONSIDER INVITING IAEC TO SEND A TECHNICAL EXPERT TO WASHINGTON FOR CONSULTATION WITH DEPARTMENT AND POSSIBLY WITH NRC. OBVIOUSLY AT PRESENT TIME INDIAN GOVERNMENT WOULD NOT WANT ANY INDIAN EXPERT TO TESTIFY FORMALLY OR BE SUBJECT TO ANY KIND OF FORMAL CROSS-EXAMINATION. ON OTHER HAND, OUR DISCUSSIONS WITH SETHNA AND SHAH CONVINCED US THAT THEY NOW RECOGNIZE THAT THEIR CASE SUFFERING BECAUSE OF LACK OF GOOD INDIAN EXPERTISE ON SPOT IN WASHINGTON, SO THEY WOULD BE WILLING TO SEND SOMEONE IF RIGHT GROUND RULES COULD BE WORKED OUT. WE BELIEVE THAT THIS SHOULD BE DONE BEFORE NEXT NRC RULING BECAUSE IF NEXT RULING IS ADVERSE THE SHOCK HERE IS LIKELY TO BE SUBSTANTIAL AND WILL CAUSE INDIANS TO REVIEW THEIR WHOLE APPROACH TO THIS PROBLEM. AT PRESENT, THEY ARE IN A SUFFICIENTLY COOPERATIVE MOOD TO CONTINUE WORK IN LOW KEY TO TRY TO GET BETTER TECHNICAL INFORMATION INTO NRC'S HANDS.

4. THERE PROBABLY REMAINS ABOUT SIX WEEKS FOR CONTINUING TO HANDLE THIS DIFFICULT PROBLEM IN A RELATIVELY TENSION-FREE ATMOSPHERE. IF THE FUEL IS NOT SHIPPED BY JUNE, IT WILL BECOME NECESSARY FOR THE GOI TO FACE UP TO REAL FINANCIAL AND OTHER COSTS OF CONTINUING DELAY.
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